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File 0471-57

Mr. Joseph F. Malaga
Executive Director
Administrative Services Reorganization Project
Washington, D. C. 20405

Dear Mr. Malaga:

Your letter dated 15 June 1978 with regard to Transmittal of Draft Reports - Administrative Services Reorganization Project has been referred to this office for reply.

Our comments are keyed to the issues and are as follows:

Issue No. S-1: Design Concept for a National Supply System - We see no objection to the establishment of a National Supply System (NSS) if, in the final analysis, it provides the service to the customer in a timely manner.

Issue No. S-2: Criteria for Consolidation of Depots - We see no objection to the consolidation of Government wholesale supply depots if it provides service to the customers in a timely and cost effective manner. While the subject of consolidating depots seems to be an area where substantial savings can be realized, a more in depth study is required.

Issue No. S-3: FSS Supply Operations - We agree with the recommendations concerning industrial funding.

Issue No. S-4: Customer Services - We strongly support Conclusions/Recommendations 8 through 10. These would provide us with more flexibility in supply/procurement operations.

Issue No. S-5: Vendors and the FSS Procurement Process - We concur with any efforts designed to, and effective in, the lessening of the complexities currently inherent in Government contracts. Any effort

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Mr. Joseph F. Malaga

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expended in this respect is costly to the potential contractor who ultimately passes such costs on to the Government. This, of course, is inflationary in nature. Therefore, we concur with OFPP's efforts to simplify procedures and regulations involved with Government contracting. A step in this direction could be the simplification of regulations, contract forms, and the use of more easily understood contract language, particularly in contracts not in excess of certain dollar limitations, i.e., the \$25,000 threshold mentioned in the S-5 summary.

Issue No. S-6: Personal Property Utilization - We have no problem with the General Services Administration (GSA) assuming a Government-wide role for excess property sales.

Issue No. S-7: Printing Services - We feel that little would be gained by the establishment of an Executive Branch committee with the same authority as the Joint Committee on Printing, assuming that Congress would agree by revising Title 44. We do not believe that the savings and improvements cited would, ipso facto, flow from such a move. It is apparent that the reestablishment of the Interdepartmental Committee on Printing and Processing, without changes in Title 44, would only add yet another layer of bureaucracy.

Issue No. S-8: Strategic and Critical Materials Stockpile - We have no comment.

Issue No. S-9: Public Utilities Management - Most domestic utility services are provided to the Agency as part of the GSA Standard Level User Charge (SLUC) system wherein we pay a unit rate for space, including utilities. There are exceptions, however, and utilities for Agency space located on military compounds or not otherwise subject to the SLUC system are paid for under the interagency support agreements or directly by the Agency. These latter instances are few, so, for the most part, the Agency is subject to GSA utility policies and procedures through the SLUC system.

Per the report, GSA accounts for only 25 percent of Government purchased utility services while the remaining 75 percent represents usage by the military and other

Mr. Joseph F. Malaga

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civilian agencies. We believe that the present decentralized system, in which the military and many civilian agencies have independent authorities to arrange for utility services based on their own unique needs, is better than the proposed centralized system under which GSA, having 25 percent or less of the total requirement, would establish policies and procedures for all Federal agencies.

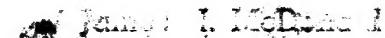
Issue No. S-10: Cooperative Support Services - We have no comment.

Issue No. S-11: Motor Vehicle Management - We agree that the reduction in replacement cycle time for vehicles from six years to three years will be cost effective in the long run.

Issue No. S-12: Transportation and Traffic Management - Of the four alternative recommendations for transportation services, we would recommend the adoption of Alternative A since the services and expertise of GSA would become more available to the Agency. Alternatives B and C are considered impractical with no changes of adoption. We endorse an increase in FOB origin contracting, since this would permit the application of traffic management expertise in the procurement cycle and result in transportation cost savings.

We are pleased to have the opportunity to comment on this excellent draft study.

Sincerely,

 James H. McDonald

James H. McDonald
Director of Logistics

cc: ER
DDA

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Executive Order 11111
28 JUN 1978

Administrative Services Reorganization Project
GS Building
18th & F Sts. NW
Washington, DC 20405

JUN 15 1978

11111
28 JUN 1978

MEMORANDUM FOR HEADS OF EXECUTIVE AGENCIES AND ESTABLISHMENTS

SUBJECT: Transmittal of Draft Reports - Administrative Services Reorganization Project

Enclosed is the last of four draft task force reports of the Administrative Services Reorganization Project -- Supply and Support Services.

Please review the enclosed draft and give us your written comments by July 7, 1978. Comments should be sent to the Executive Director, Administrative Services Reorganization Project (XS), GS Building, 18th and F Streets, NW, Washington, DC 20405. If you have questions or would like additional information, please contact the Supply and Support Services Task Force Leader, Mr. David Phillips, at 235-2420.

Joseph F. Malaga
Joseph F. Malaga
Executive Director

21 JUN 1978

Mr. Joseph F. Malaga, Executive Director
Administrative Services Reorganization Project (XR)
GS Building
18th and F Streets, N.W.
Washington, D.C. 20405

Dear Mr. Malaga:

We have reviewed the draft report of the Archives and Records Task Force enclosed with your 6 June 1978 memorandum. The report is well balanced, and the findings and alternatives are pertinent. We have no specific changes to suggest, but we would like to make a few general comments.

In general, we favor the alternatives that recommend continued placement of the archives and record function in NARS as an element of GSA. It would be counterproductive either to split the function or to relocate it in whole or in part. It might be helpful to give NARS more general autonomy within GSA, but the main need is for appropriate staffing and funding to enable NARS to perform a more positive role. In this role, we favor the alternatives that provide for enhanced NARS standards, guidelines, training, and evaluations of agency programs. We do not favor the alternatives that recommend central direction and control. Program implementation is best accomplished through cooperation between federal agencies and NARS, with the option that NARS report serious compliance problems to OMB or Congress.

Regarding the proposals to make the General Records Schedules mandatory and to reduce the period for transfer of records to NARS from 50 to 30 years, we note that two Acts recently passed by the Senate successfully incorporate these provisions.

In reference to our own records management program and participation in interagency programs relating to two major areas of concern mentioned in the report: We are not one of the 85 agencies that have not met the requirements to schedule records, and we do not contribute to the federal paperwork burden on the public. However, in fulfillment of NARS government-wide program responsibilities,

we are willing to participate in inspection programs, multi-agency studies, and information clearinghouse operations--to the extent that these activities are focused on productive goals and provision is made for our responsibility to protect intelligence sources and methods information.

Sincerely,

/s/ Michael J. Malanick

John F. Blake
Deputy Director
for
Administration

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JUN 15 1978

MEMORANDUM FOR HEADS OF EXECUTIVE AGENCIES AND ESTABLISHMENTS

SUBJECT: Transmittal of Draft Reports - Administrative Services Reorganization Project

Enclosed is the last of four draft task force reports of the Administrative Services Reorganization Project -- Supply and Support Services.

Please review the enclosed draft and give us your written comments by July 7, 1978. Comments should be sent to the Executive Director, Administrative Services Reorganization Project (XS), GS Building, 18th and F Streets, NW, Washington, DC 20405. If you have questions or would like additional information, please contact the Supply and Support Services Task Force Leader, Mr. David Phillips, at 235-2420.

Joseph F. Malaga
Joseph F. Malaga
Executive Director

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Administrative Services Reorganization Project
GS Building
18th & F Sts. NW
Washington, DC 20405

June 6, 1978

MEMORANDUM FOR HEADS OF EXECUTIVE AGENCIES AND ESTABLISHMENTS

SUBJECT: Transmittal of Draft Reports - Administrative
Services Reorganization Project

Enclosed is the draft report of the Archives and Records Task Force, Administrative Services Reorganization Project. The fourth and final report scheduled for release by June 15 -- Supply and Support Services -- will be sent to you shortly.

Please review the enclosed draft on archives and records and give us your written comments by June 23, 1978. Comments should be sent to the Executive Director, Administrative Services Reorganization Project (XR), GS Building, 18th & F Streets, NW, Washington, DC 20405. If you have questions or would like additional information, please contact the Archives and Records Task Force Leader, Mr. Ed Johnson, at 235-2420.

Sincerely,

Joseph F. Malaga
Executive Director

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10 JUN 1978
DD/A Registry
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Mr. Joseph F. Malaga, Executive Director
Administrative Services Reorganization Project
Office of Management and Budget
Washington, D.C. 20405

Dear Mr. Malaga:

The opportunity to comment on the draft of the "Administrative Services Reorganization Project, Real Property Task Force Findings and Alternatives," as is the submittal extension to 14 June, granted by Mr. Inglefee of your staff, is appreciated. Because of the scope of the recommendations contained in the study, detailed comments on each of the alternatives are provided in an enclosure to this letter. It is considered, however, that the following overview should be presented to express the Central Intelligence Agency's (CIA) position with regard to proposals made.

CIA's interpretation of the totality of the Task Force draft is that there is a definite thrust toward centralization of policy, regulations, standards, and execution of all Federal real property activities. CIA concurs in centralized policy and regulation as is now being done by the Office of Federal Procurement Policy (OFPP) with regard to standardized Federal regulations for procurement. (It is noted that OFPP has recently circulated a study by the Federal Construction Council on procurement policy for construction; it is presumed that this study is being considered as a part of the Task Force findings.) CIA believes, however, that OFPP, or some other regulatory entity, should promulgate centralized policy and regulations as opposed to selection of any agency that is also responsible for implementation and compliance. CIA is less enthusiastic about centralization of standards and procedures for real property activities. Many agencies, CIA included, have developed special expertise in real property in order to meet their unique requirements. The preferred approach from our viewpoint would be standardized policy with leeway for each agency with real property capability to establish its own implementing procedures and standards.

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Mr. Joseph F. Malaga

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With regard to revision of restrictive ceilings on real property activities as imposed by legislation or regulatory issuance, CIA is, as delineated in the attachment, definitely in favor of increased ceilings. It is recommended, however, that consideration be given to inclusion of provision for automatic, future upward adjustments based on accepted statistical indicators of inflation.

With regard to delegation of authorities to agencies with existing real property capabilities, CIA endorses delegation to the maximum extent.

It should again, be noted that CIA, by virtue of its enabling legislation plus a specific exemption in the Federal Property and Administrative Services Act of 1949, is authorized to perform its own real property-related activities in support of unique, operational requirements.

In summary, CIA:

- Supports a central policy and regulation for real property activities, but believes promulgation should rest in a nonexecuting entity such as OFPP.
- Recommends that implementing standards and procedures of Federal regulations and policy be left to those individual agencies who have a real property capability.
- Recommends against centralization of all Federal real property activities in any one single entity.
- Endorses raising of restrictive monetary ceilings on real property activities.
- Endorses maximum delegation to qualified agencies, and

STATINTL - Restates its authority to act independently where its unique, operational requirements are impacted.

STATINTL [redacted] Executive Officer, Office of Logistics [redacted], remains CIA's action officer for this project and should be contacted if specific data is required. Should broader policy questions arise, however, please contact me directly.

Sincerely,

J. F. Blake
John F. Blake
Deputy Director
for
Administration

Enclosure

Distribution:

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Originating Office:

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[Redacted]

Director of Logistics

6/12/75
Date

ISSUE I -- CENTRALIZATION/DECENTRALIZATION

IA - Leasing

Alternative 2, which gives GSA total authority to regulate all leasing services and authority to execute or delegate these services, is endorsed as it provides the most flexibility of the two alternatives presented. Adoption of either alternative would not inhibit CIA's statutory authority to acquire real property when such acquisition is determined to be in the National interest.

IB - Construction

Alternative 3, which vests in GSA total authority to regulate new construction, repair, and alteration services but allows agencies the latitude of constructing of nonoffice type space and office type space on agency installations, is preferred over Alternatives 1 and 2. As noted in the overview letter, CIA does not recommend vesting total construction in a single entity.

IC - Building Operations

Alternative 2 which gives GSA total authority to regulate building operations and authority to execute or delegate the execution of those services is favored over Alternative 1. This Agency, however, would continue to be exempt from certain reporting requirements (employee names, personnel strengths, functions, etc.) and continue to insist upon the use of certain security measures such as clearance or escort of GSA/contractor personnel.

ID - Disposal

The (only) alternative, to vest in GSA total authority to regulate and execute or delegate the execution of utilization and disposal of real property, is an example of overcentralization. Adoption of this alternative would, in effect, give GSA regulatory authority over itself as the executing agency.

ISSUE II - FIXED LIMITATIONS

IIA - Leasing

The alternative to change the Economy Act of 1932's threshold from \$2,000 to 5,000 square feet and allow a deduction for real estate taxes in computing the 15% limitation on fair market value is endorsed.

The alternative to change E.O. 11512 to vest final authority in GSA to resolve space assignment disagreements is opposed. A system without an appeal mechanism is considered inadvisable. Certainly, as the principal staff agency involved, GSA's recommendations should be given great weight, but it is believed that authority to resolve issues of space needs should reside in a nonexecuting agency.

The alternative to allow GSA to pay for options to acquire interests in real property is viewed as a proper function and one which would facilitate acquisition.

The proposal to authorize GSA to convey an interest in Government-owned land for lease construction (lease back) projects could, on a case-by-case basis, prove beneficial to the Government and is, therefore, recommended for adoption.

Adoption of the alternative calling for revision of the prospectus criteria from \$500,000 to 125,000 square feet should receive strong support. There is no doubt that the Congress needs, and would want, to retain some control of leasing activities, but the current criteria are grossly consumptive of time and an impediment to efficient operation of the real property function.

IIB - Construction

Alternative 1, to revise the statutory limit to permit A-E fees up to 9% on all renovation, remodeling or rehabilitation projects; to keep the 6% limit on new construction; and to eliminate the audit requirement for fees exceeding \$100,000 is a sound proposal, the adoption of which is endorsed by this Agency.

Revision of the Davis-Bacon Act by raising the threshold to \$40,000 is appropriate. It should be noted that the Federal Construction Council and the Commission on Government Procurement have, in their most recent review of the problem, recommended a threshold of \$25,000. Any new legislation which establishes minimum or maximum dollar amounts should also contain an escalator clause tied to the CPI which would alleviate at least one of the problems currently confronted by the executing agency.

The identical rationale would apply to amendment of the Miller Act (from \$2,000 to \$40,000) for payment and construction bonds on Federal construction projects.

Revision of the Public Buildings Act of 1959 to raise the threshold amount from \$500,000 for new construction and repair and alteration projects to \$2,500,000 (again with some type of escalator clause) is long overdue and would be strongly endorsed by this Agency.

IIC - Building Operations

Amendment of the Federal Property and Services Act (FPAS) to allow GSA to contract selectively for building operations for periods up to three years is definitely in the best interests of the Government.

The proposal to change the current requirement for determining individual wage rates by publishing such rates on a geographical basis and keeping them in effect until superseded is favored as a method for increasing efficiency and eliminating untimely delays.

Allowing GSA to effect the direct hire of temporary employees to meet workload fluctuations is deemed in the best interests of the Government.

IID - Disposal

The alternative to amend Section 3(e) of the FPAS to vest in GSA final authority for the determination of excess real property is not viewed favorably. It is agreed that an authority, such as the now defunct Federal Property Council, is required but again, it is recommended against vesting regulatory authority in an implementing agency.

Alternative 1, amendment of Section 204 of the FPAS to allow funding of real property utilization and disposal activities, is viewed as a viable alternative to the current situation.

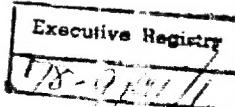
Amending Section 204 of the FPAS to authorize the reimbursement to any Federal agency of the net proceeds of sale from its real property is an attractive proposal. However, one caveat should be placed on this proposal--it should not be adopted if that same agency receives total authority for the disposal of real property.

ISSUE III - FUNDING MECHANISMS

Alternative 1, that of establishing the Federal Building Fund (FBF) as a true revolving fund, is the most favored of those presented. Especially significant is the capability such a fund would have to reprogram monies collected and abolishment of the requirement to return funds to the Treasury as miscellaneous receipts. Once this type of FBF has a chance to operate, it is believed that many of the delays in service currently being felt will disappear.



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Administrative Services Reorganization Project
GS Building
18th & F Sts. NW
Washington, DC 20405

May 31, 1978

MEMORANDUM FOR HEADS OF EXECUTIVE AGENCIES AND ESTABLISHMENTS

SUBJECT: Transmittal of Draft Reports -
Administrative Services Reorganization Project.

Enclosed is the second of the draft reports of the Administrative Services Reorganization Project -- that of the Telecommunications Task Force. As we noted in our May 25 transmittal of the Real Property Task Force report, additional reports on supply and support services, and archives and records will be forthcoming shortly.

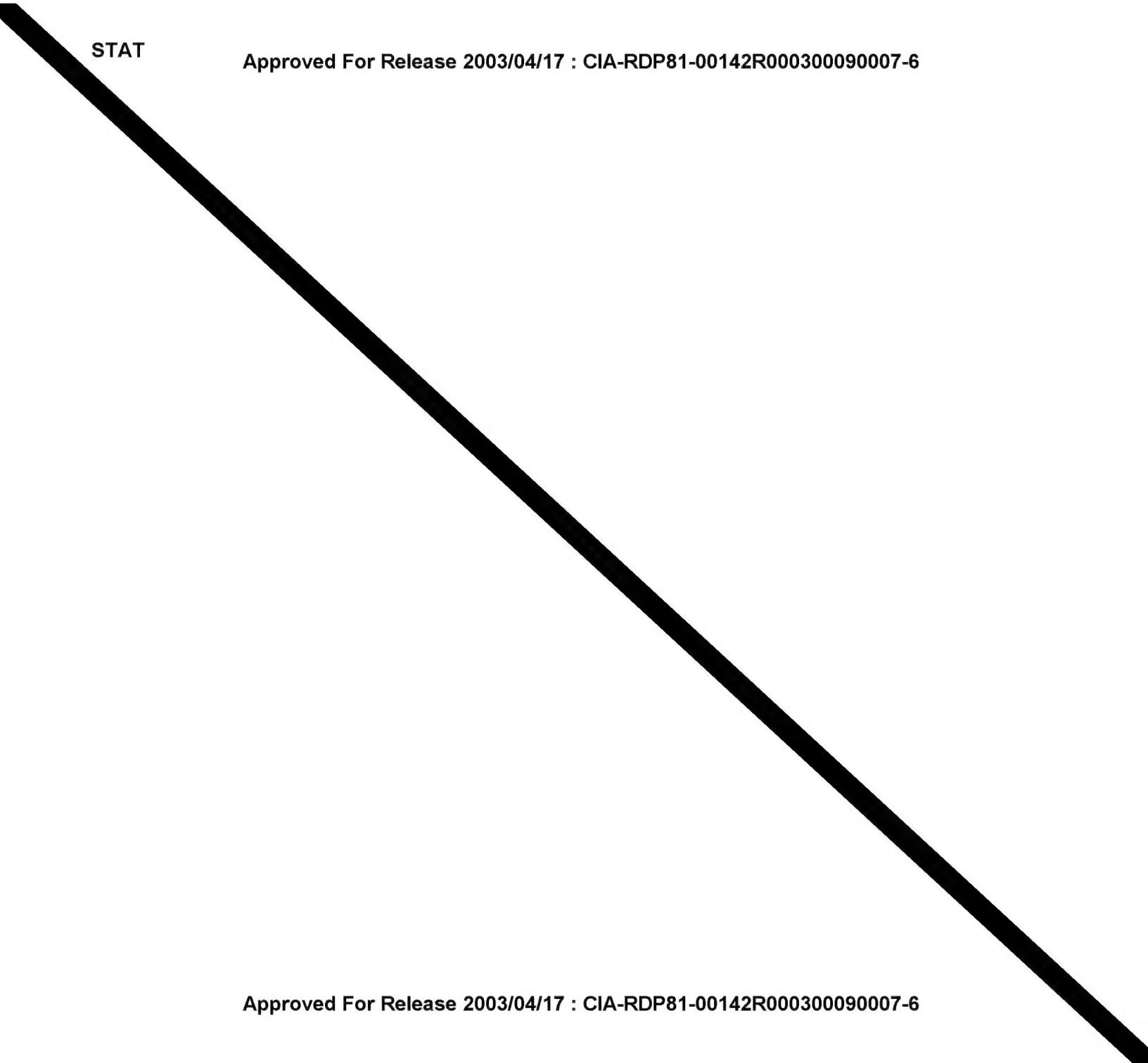
Please review the enclosed draft on telecommunications and give us your written comments by June 16, 1978. Comments should be sent to the Executive Director, Administrative Services Reorganization Project, GS Building, 18th and F Streets, NW, Washington, DC 20405. If you have questions or would like additional information, please contact the Telecommunications Task Force Leader, Mr. Harold Belcher, at 235-2420.

Sincerely,

Joseph F. Maiaga
Executive Director

cc to OC

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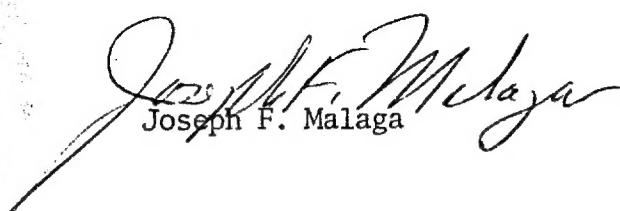
MEMORANDUM

TO: Heads of Executive Agencies and Establishments
FROM: Joseph F. Malaga, Executive Director
SUBJECT: Transmittal of Draft Reports - Administrative Services
Reorganization Project

Last October 25, we asked for your views on how best to improve the delivery of administrative services within the Federal Government. Since that time, we have conducted an extensive study, and have prepared a series of service improvement alternatives related to real property, archives and records, supply and support services, and telecommunications. The first of four task force reports to be issued in draft over the next several weeks - real property - is enclosed. Others will be forwarded within the next 30 days. A fifth report on our overall assessment and organizational alternatives will be forthcoming after comments on the draft task force reports have been reviewed.

Many of the largest departments and agencies have represented the Federal interest during the project through the Assistant Secretaries' Management Group and the General Services Advisory Council. It is essential, however, that all agencies be given adequate opportunities to review the work of the project staff and register their views vis-a-vis the alternatives presented.

Please review the enclosed draft on real property services and give us your written comments by June 7, 1978. Comments should be sent to the Administrative Services Reorganization Project, GS Building, 18th and F Streets, NW, Washington, DC 20405.


Joseph F. Malaga

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